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STATUS OF ANGLO-EGYPTIAN NEGOTIATIONS

I. Current Situation:

A. After nine months deadlock Anglo-Egyptian Suez talks reopened "informally" 10-11 July. New UK proposals include provision for maintenance of base by civilian technicians and reduced facilities.

B. Latest Egyptian position:

1. On duration of agreement--insist 7 years from signature. British seek 20-30 years; would accept 10-12 years availability.
2. Availability--tied to duration. Egypt refuses make base available in event attack on Iran. This apparently not major issue with British.
3. Evacuation all British troops--demand completed 15 months; British ask 24; may compromise.

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II. Obstacles to Settlement:

- A. Egyptians insist present negotiations mere continuation talks suspended October and items previously agreed should stand.
- B. Egypt's unwillingness offer counter-concessions to fundamentally new British approach obstacle to settlement.
- C. Nasr commented after 2nd meeting: "We seem agreed on points formerly disagreed and now disagree where formerly agreed."
- D. He appears uncertain how to handle problem posed by new British position.
- E. UK unlikely accept less than 10 years duration of agreement.
 - 1. "Revolt" 14 July in London where some 40 Conservative MPs opposed British withdrawal Suez embarrass Cabinet and could limit Churchill government
- F. If compromise on duration achieved, prospects for Suez settlement good.
 - 1. Third Cairo meeting scheduled today

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